

Not-for-Profit Provider Checklist: Making the Decision to Take a New Strategic Path

The purpose of this checklist is to give not-for-profit senior living & care providers the tools necessary to make an informed decision regarding the future of their organization. In many instances, the items below can be “red flags” for organizations and can serve as a catalyst for making a meaningful change.

Market Position

- There is new competition in the area and the organization is having difficulty being the top one or two leaders in the primary market area.
- Occupancy has dropped and is not showing signs of significant improvement.
- Competing organizations are offering a more diverse set of care options than what your community offers.
- The pace of referrals coming from your major source of admissions is down.
- The community relies primarily on reputation and has limited active marketing and outreach efforts.
- There is no participation in any networks of care, such as ACOs, alliances, etc.

Financial Strength

- The organization has had significant operating losses for the last two or more years and limited financial reserves to cover these losses.
- The percentage of Medicaid residents served is much higher in your organization than others in the market.
- Your organization needs money for other initiatives, such as supporting another related organization or developing a new service.
- The organization struggles to provide a competitive wage compared to others in the area.
- Payments to vendors are late or extended.
- Payroll taxes are overdue.
- Your auditors are telling you that you are in financial difficulty or will be in the near future.
- It is difficult to produce consistent, accurate financial statements on a regular basis.
- There are concerns about the ability to fulfill payment of debt obligations.

Physical Plant and Amenities

- There have been no meaningful upgrades of the building in the last 20 years.
- The average age of plant (from the financials) is 15+ years.
- There are few, if any, private resident rooms.

- The organization does not have the resources needed to bring the aging physical plant up to par for current and future residents.
- Former Board members and “friends” express reluctance to moving into the community(ies) or select your competitors.
- There are few, if any, resources devoted towards needed technologies for staff and residents.

Leadership & Governance Considerations

- The longstanding CEO is retiring in the near future and there is no clear internal successor.
- The Board and Leadership Team have not engaged in a strategic planning process in recent years.
- The increasing complexities of operating a senior living and care community seem daunting.
- Leaders have questioned whether continuing as-is represents good stewardship of resources
- Turnover is high and there is difficulty retaining talented people.

If a number of the aforementioned items pertain to your organization, it is recommended that the board and leadership team devote time to evaluating the long-term future of the organization. This checklist is simply one tool that should be part of a larger discussion and strategic planning process.